

## **CARICOM Agribusiness Development Strategy**



As presented to the 40<sup>th</sup> Special Meeting of the Council for Trade & Economic  
Development (COTED)  
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## Abbreviations and Acronyms

ACP	The Group of African, Caribbean & Pacific States
AGREXCO	Israeli fresh produce export company
ANEM	Association Nationale des Exportateurs de Mangues (mango association, Haiti)
BADMC	Barbados Agricultural Development Marketing Corporation
BAIC	Bahamas Agriculture and Investment Corporation
BELTRADE	Belize Trade and investment Development Services
CABA	Caribbean Agribusiness Association
CaFAN	Caribbean Farmers' Network
CAHFSA	Caribbean Agricultural Health & Food Safety Agency
CAP	Community Agricultural Policy
CARDI	Caribbean Agricultural Research & Development Institute
CARICOM	Caribbean Community
CARIFORUM	The Caribbean Forum of African, Caribbean & Pacific (ACP) States
CARIRI	The Caribbean Industrial Research Institute, Trinidad & Tobago
COTED	Council for Trade & Economic Development of CARICOM
CPA	Caribbean Poultry Association
CROSQ	CARICOM Regional Organization for Standards & Quality
CSME	CARICOM Single Market & Economy
DEXIA	Dominica Export Import Agency
EMBRAPA	Brazilian Agricultural Research Corporation
EPA	Economic Partnership Agreement
FAO	Food & Agriculture Organization of the United Nations
FTA	Free Trade Area
GAP	Good Agricultural Practices
GDP	Gross Domestic Product
HACCP	Hazard Analysis Critical Control Points
IAST	Institute of Applied Science & Technology, Guyana
IICA	Inter-American Institute for Cooperation on Agriculture
JAD	Junta Agropremesarial Dominicana, Dominican Republic
JAIC	Jamaica Agricultural Industrial Corporation
JAPA	Jamaica Agro-processors Producers Association
JEA	Jamaica Exporters' Association
JI	Jagdeo Initiative
Landell Mills	Landell Mills Development Consultants Ltd.
MOA	Ministry of agriculture

NAMDEVCO	National Agricultural Marketing Development Company, Trinidad and Tobago
New GMC	New Guyana Marketing Corporation
OECS	Organization of Eastern Caribbean States
RFNSP	Regional Food & Nutrition Security Policy
SPRD	Strategic Plan for Regional Development (CARICOM)
SPS	Sanitary and Phytosanitary
SRC	Scientific Research Council, Jamaica
SVE	Small and Vulnerable Economies group (Informal negotiating group in the WTO)
TTABA	Trinidad and Tobago Agribusiness Association
WINFA	Windward Islands Farmers' Association
WINFRESH	Formerly WIBDECO
WTO	World Trade Organization

## Background

The Region's agriculture has experienced many changes over the last fifty years. Whereas the old dual model of the sector – large export-oriented plantations with small scale peasant or subsistence activities on the margins – continues to persist in some ways, the sector now consists essentially of small- and medium-scale enterprises producing a large variety of mainly crops and a limited amount of livestock<sup>1</sup>. These changes have, unfortunately, been accompanied by a decline in the Region's participation in world exports even falling behind its neighbours in Central America.

At the CARICOM level, COTED and the Conference of Heads of Government have continually pointed to the need for the region's agriculture to become more business-oriented. This is an imperative that is given full recognition in the Revised Treaty of Chaguaramas (2001), which speaks to the fundamental transformation of the agricultural sector towards market-oriented, internationally competitive and environmentally sound production of agricultural products (Article 56).

The Regional Transformation Programme of agriculture (RTP) (1996), the Jagdeo Initiative (JI) (2004) and the Lillieandaal Declaration on Agriculture & Food Security of 2009, all of which were adopted at the highest levels of CARICOM, speak to the need to transform the sector into one that is more market-oriented and internationally competitive. They all emphasize the need for upgrading the facilities that support trade in agricultural products (including intra-regional transportation networks), strengthening research and development, establishing an effective regime of sanitary and phytosanitary (SPS) measures (particularly as this relates to facilitating the flow of products within the region); providing incentives for stronger private sector development; and improved market infrastructure, including market information and intelligence systems. These documents also emphasize the importance of enhancing the fundamental production infrastructure and facilities, such as land and water, improving the financial base of the sector through credit and insurance schemes, control of praedial larceny, and ensuring a sufficient flow of trained personnel to the sector.

At a major public-private sector consultation organized by the CARICOM Secretariat in May 2009 held in Guyana, there was consensus on the need for strengthened regional bodies to play a coordinating role in promoting the agribusiness sector, particularly with regard to information collection, management, and dissemination, and facilitating dialogue and partnerships among stakeholders. Other key recommendations related to the creation of a platform for public-private sector dialogue, strengthening private sector representative bodies at the regional level, improving information sharing across the region, and strengthening market information systems.

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<sup>1</sup> According to recent statistics, small farmers with average holdings of 0.75 hectares (1.88 acres) are estimated to account for 83.39% of the total number of farmers in the region (source: Landell Mills study)

Following that consultation, in February 2010, the Secretariat commissioned a study aimed at developing a strategy for the promotion of agribusiness and targeted products.<sup>2</sup> The study benefited from the input of Member States and other stakeholders at a workshop held in Guyana on November 9-10, 2010. Many of the specific recommendations flowing from that study have been incorporated into this strategy document.

Other relevant initiatives and documents include:

- Consultancy study on *Support for the Forum of Caribbean ACP States (CARIFORUM) In the Areas of Agriculture and Fisheries in Relation to the Implementation of the Commitments Undertaken, and Opportunities Created by the Economic Partnership Agreement (EPA)* by A-Z Information Jamaica Ltd, for the CARICOM Secretariat, 2010
- Study on *Reducing the CARICOM Food Import Bill and the Real Cost of Food: Policy and Investment Options* by Sacha Silva, for FAO, 2011
- *Workshop on the Establishment of a Regional Market Intelligence System*, CARICOM Secretariat/CARDI, Trinidad & Tobago, February 15-17, 2011
- *Background Study on Regional Agrotourism Policy* by Ena Harvey (IICA), prepared for CARICOM Secretariat as an element of the Strategic Plan for Regional Development (SPRD), which is currently being finalized
- *Regional Workshop on Agriculture-Tourism Linkages*, CARICOM Secretariat/IICA, Barbados, September 2011 – a public and private sector consultation aimed at outlining an action plan

## Focus of the Strategy

The term *agribusiness* was coined in 1957 to refer to the collection of businesses connected with agriculture, i.e. farming, input supply, distribution, food processing, and retail operations<sup>3</sup>. The term has also been used, pejoratively, to refer to large corporate farm entities.

The agribusiness strategy therefore represents an attempt on the part of the Region to capture the political and technical capabilities needed to advance the process of transformation of the entire agri-food sector, thereby ensuring its viability and

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<sup>2</sup> Landell Mills Development Consultants Ltd “**Developing an Action Plan for Promotion of a Regional Agribusiness Sector and Targeted Commodity Enterprises**” Final Report, February 2011, in fulfillment of a contract carried out under the Caribbean Integration Support Programme (CISP) funded under the 9th EDF

<sup>3</sup> The realization of the importance of a vertical dimension in the analysis of agrifood sectors has been attributed to the seminal work of two researchers from the University of Harvard, John Davis and Ray Goldberg, who coined the term agribusiness to represent the aggregate of operations that take place between the farm and the consumer (Davis, J. and Goldberg, R. A Concept of Agribusiness. Harvard University Press, Boston, 1957.)

sustainability well into the future. It recognizes that, for there to be sustained development of the sector, key investments have to be made by both public and private sectors in respect of infrastructure, technical knowhow, information management, marketing systems, in addition to systems for financing both production and trade.

### **Identifying Priorities**

**Priority setting** for the sector must be done in a **partnership framework** involving public sector entities, the commercial private sector, international development partners, and non-governmental bodies dedicated to improving the livelihoods of the farming and other rural communities. In this respect, the role of **producer organizations** (at all stages of agribusiness) must be recognized as an important vehicle for the rolling out of policy.

Partnerships must also be forged **across sectors**, for example, with **tourism** where there continues to be untapped potential both in terms of the demand for food and other agricultural products generated by that sector, and in relation to developing tourism products within the agricultural and rural environments.

Priority setting must be based on **objective criteria** most of which relate to competitiveness and sustainability. In this respect, viewing productive activity in terms of **value chains** is an extremely useful concept. As product transformations and transactions take place along a chain of interrelated activities from farm to fork, value is added successively. The term "value chain" has thus been used to characterize this interconnected, coordinated set of links and linkages that take place as products move along a continuum between primary production and the consumer.<sup>4</sup>

### **Use of the Value Chain Approach**

Armed with proper analytical tools, both government and private sector actors can more easily pinpoint the problems affecting performance along value chains, and identify areas that could be seen as leverage points for further growth and development, including the identification of stakeholder responsibilities for implementation.

At the very least, a proper analysis of a value chain should include the following:

- **Characterization** of the chain – both in terms of what obtains and what the optimum situation should be
- **Competitiveness** – how do products perform on the relevant markets (domestic, regional or global as the case may be) in competition with other identical products or close substitutes

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<sup>4</sup> FAO Rural Infrastructure & Agro-Industries Division “[Value Chain Training](#)”

- **Profitability of chain actors** – the reasonableness the profit margins going to various actors (farmers, traders, processors, etc.)
- **Food security** – some indication of the sufficiency and stability of production, and the level and stability of prices faced by consumers
- Technical and operational **efficiency** – assessed through measures such as yields, input-output ratios etc.
- **Equity** – how value is distributed among chain members along with any evidence of non-competitive behavior, information asymmetries etc.
- **Consumer satisfaction** – whether or not consumers are being given the quantity and quality they demand, at reasonable prices
- **Institutional environment** – the extent to which the contractual, collaborative, customary, supportive, political, legal and other aspects of the business environment are conducive to the optimum functioning of the chain

### **Coordination by use of Commodity Business Models**

The challenges faced by Caribbean policy makers often relate to the difficulties involved in coordinating (or supporting the coordination of) a large number of independent (and independent-minded) producers and traders who, though having developed many systems among themselves, lack strong institutions that can represent the collective will of the participants insofar as decision-making on key issues such as investment, contract enforcement and standards. Public-private sector organizational models, such as those that have been applied to export commodities such as coffee, cocoa and bananas, have not generally been extended to other products and there is an urgent need for the development of business models that are appropriate to the circumstances of Caribbean agricultural producers.

### **Market Led Approach**

Participants in the agribusiness sector interact with a variety of **markets**. In addition to the physical and institutional markets for **goods**, there are markets for **land** (including water and its management together with other environmental goods), **labour**, **technology** and technical knowhow, and **finance** (for operational costs and capital investment). The constraints on accessing these markets must be addressed if the sector is to achieve its objectives. Most of the above (in particular, land & water management, technology and finance) have been identified as among the “key binding constraints” set out in the Jagdeo Initiative and are the subject of other regional policy processes, including the Regional Food and Nutrition Security Policy (RFNSP) and the Community Agricultural Policy (CAP).

For the strategy to be successful, it must be based fully on responding to the needs of the **consumer**. Indeed, all value is ultimately created by the consumer since, without that end demand, no production would take place. While it is true that consumer tastes and preferences are subject to change, at any one time they must be taken as given. In

addition to price, consumer choice is influenced by a variety of factors, including convenience (especially as it relates to packaging and pre-preparation), tradition, status associations, and perceptions of health benefits. The strategy must therefore focus on ensuring that production conforms to consumer demands in terms of price, quantity, quality and reliability of supply. In addition, there is scope for helping to shape consumer preferences in the direction of domestically produced/indigenous foods through a process of information dissemination particularly in relation to the known health benefits of those foods.

### **Critical Constraint - Transportation**

While the future of the agribusiness sector should be based on exploiting the most lucrative markets that exist worldwide, the **regional market** must be regarded as worthy of special attention from the standpoint of both fulfilling market demand and promoting investment. **Transportation** (both air and sea) remains one of the major limiting factors to improving the flow of products regionally and this major issue must be addressed frontally with the requisite amount of inter-sectoral coordination.

### **Key Activities (Actions)**

The action-oriented solutions are based on the constraints and opportunities identified and address the following:

1. upgrading and strengthening identified **value chains** to ensure competitiveness
2. integration of **viable small and medium enterprises** into these value chains; as well as beneficial participation of the poor (as consumers, farmers, agro-processors, and employers) in the process
3. developing/strengthening **regional support institutions/services** to deal with issues such as food safety and food product and process standards, marketing, finance, and transport
4. supporting **public-private partnerships**
5. strengthening the **information** base for the sector – (general information / market intelligence)
6. Improving beneficial linkages between **agriculture and tourism**

### **Strategic Programs (Steps)**

The strategy comprises the following programmes:

1. **Target Products**, which have been identified based on their relevance to:
  - Food security
  - Import replacement
  - Export earnings, and
  - Value added production / supplying tourist markets



2. **Upgrading of value chains** through direct action in the areas of technology generation and transfer, institutional strengthening of organizations identified as value chain “drivers”, and marketing interventions. This will be done through the establishment funding mechanisms. The indicative cost for these investments is **US\$619 million over a five year period**
3. Strengthening **links with tourism** through policy support, inter-sectoral coordination mechanisms, and supporting networking of agrotourism stakeholders.
4. Establishment and maintenance of the regional **agricultural information platform**
5. Strengthening the national agricultural **market information/intelligence systems** and creating a regional infrastructure for integrating and sharing national information

## **Situational Analysis**

### **The Evolving Caribbean Agricultural Model**

The CARICOM agricultural sector is characterized by a combination of small and medium-scale enterprises both at the primary and secondary stages of production. The historical domination of the sector by plantation export agriculture has all but disappeared in most countries but retains its significance in a select number. The bulk of the sector consists of highly diversified, mainly domestic-oriented enterprises. Intra-regional trade is similarly highly diversified but is limited, among other things, by issues of transportation, non-tariff restrictions and poor facilities for bulking up and handling. Exports to both CARICOM and non-CARICOM destinations are characterized, for the most part, by low volumes with certain notable exceptions.

The current agricultural and rural model in the Caribbean is based on a combination of historical plantation structures and low input peasant-type production units and is under considerable pressure. Contributing factors include:

- i) the continuous decline in the attractiveness of traditional export markets
- ii) increasing competition from larger scale producers on both export and domestic markets, and
- iii) high production costs.

Of these, the last is probably the most crucial. Factor costs (both domestic and imported) are high by developing country standards. The labour constraint is particularly great in countries with significant tourist and oil sectors. Land is also a scarce and increasingly expensive resource, and not only in the smaller islands. Water resources are also scarce in some cases, and water management capabilities are often deficient. Financing costs vary considerably but are generally high. Operations costs – energy, transportation and communications – are in some cases prohibitive. On the other hand, the human resources available to the sector are of a reasonably high quality - literacy levels are high by developing country standards, and the ability to absorb new technology is also reasonably high.

### **Transformation Imperatives**

Nevertheless, it is also recognized that that, in order for the sector to survive and prosper, **there must be a transformation of the production structures, and a reorientation of investment decisions and strategies.** The future of Caribbean agriculture lies in adding value at all stages of production and marketing, and to achieve this, it is necessary to ensure that producers receive the right incentives, and that governments make strategic investments of an institutional and infrastructural type that will bolster the potential of the sector and assist with its transformation. While it is important that the sector receives a reasonable amount of protection from international competition, depending on protection alone will not provide the impetus for transformation, especially given the small size of the CARICOM market. Indeed, there is a downside to protectionism in that it disconnects domestic production from the price signals and other dynamics of the international market thereby stymieing the competitive ability of the very producers that it is meant to help.

### **The International Agri-food Market**

The international agri-food market is considerably more competitive than it was even 20 years ago. Trade barriers have come down, consumers have more choice, the requirements placed on producers (in terms of packaging, traceability, standards compliance etc.) are substantially more onerous and increasingly so. Primary products which were once sold in unpackaged form now have to be individually wrapped, bar coded and provided with a large amount of information. There has also been an increasing concentration of market power in supermarket chains, which now play a decisive role in defining how the market is structured, the standards that are imposed and the prices paid throughout the entire supply chain. But the changing contours of the market also provide opportunities for producers. Much of the value-adding that typifies the fruit, vegetable and cut flower export sectors involves comparatively little product transformation or processing – for the most part these activities involve preparation, packing, bar-coding and labeling. It is for the supermarkets a matter of their convenience that these activities are pushed back to the country of origins but it also

means that farmers and other actors at the primary level are in a position to reap more of the value of the production-marketing process. All this means that the sector's institutions must give prominence to supporting producers in developing the capabilities required for successfully engaging in the marketplace.

### **The Regional Market**

The regional market (both national and intra-regional) has also been subject to many of the trends evident in global markets. As an example, some hotels in the region owned by European interests now insist that the food products that they purchase must comply with EU standards. In addition, the average regional consumer is also influenced by international practices and now insists on quality commensurate with these expectations. While the regional market has certain protections built into it – by way of the Common External Tariff -- this protection should not be taken for granted, neither should it be seen as an opportunity to offer sub-standard goods or services to the consumer. Indeed, the increase in food prices worldwide will have the effect of placing additional pressure on the regional protective mechanisms as governments respond to the appeals from consumers for lower prices

The inputs needed to address the **transportation** situation as it affects intra-regional trade in agriculture products (particularly fresh produce) are beyond any single sector or Government at the national level. It requires a concerted effort and common understanding of the issues on the part of the producers, importers, exporters, business sector, owners of transport vessels etc. Under its transportation portfolio, the Secretariat is supporting and monitoring the conduct of feasibility studies on the development of fast ferry services initiated by Trinidad & Tobago and a study by the OECS.

One of the issues that is continually highlighted by both private sector and personnel in the support institutions is that relating to **non-tariff measures** in general and SPS measures in particular. There are also other technical requirements in place that may or may not impede the flow of agri-food products intraregionally. COTED (agriculture) has already committed to identifying and taking necessary steps to eliminate any unjustified non-tariff measures that affect intra-regional trade. In addition, a decision has been taken to establish the Caribbean Agricultural Health & Food Safety Agency (CAHFSA), which when it becomes operational, should at least provide a basis for enhanced transparency in the conduct of the trade in fresh agricultural products. It is, nevertheless, essential that maximum political and technical oversight be brought to bear on resolving the issue.

Of equal importance is the fact that there is a high degree of inconsistency and unpredictability with regard to the level of protection afforded regional producers by way of the CET. COTED has mandated a study of the issue and it is expected that the result will be one that provides the region's agri-food producers with more reliable

regional arrangements. It is therefore important that agribusiness stakeholders pay close attention to the negotiations in this area and seek to influence their outcome.

### **Tourism Linkages**

The issue of improving the linkages between agriculture and tourism has exercised the minds of regional policy makers for a considerable time. There are two aspects to be addressed. One is the need to improve the uptake of regional agri-food products by the tourism sector while the other has to do with supporting the development of farm-based or rural-based tourism. Each requires a different type of response but the overall objective, from the standpoint of agribusiness, is to improve the demand for agri-food products.

### **Formal Trading Arrangements**

CARICOM countries are party to a number of trade agreements but the most significant is the Economic Partnership Agreement (EPA) signed with the European Union in 2008. In all its international trade negotiations, whether at the multilateral or bilateral level, CARICOM's position on agriculture has been very defensive. In the current WTO negotiations, the region has, as part of the Small and Vulnerable Economies group (SVEs) successfully carved out for itself special dispensations that will allow it to continue providing significant protection to its agricultural sector. The same was true of the failed FTAA<sup>5</sup> negotiations in which CARICOM staked out a very defensive position. Even in its agreements with neighbouring countries – Costa Rica, Cuba and the Dominican Republic -- CARICOM excluded most agricultural products and also listed a range of products that could be traded only within certain seasons. This is in addition to the fact that CARICOM's LDCs<sup>6</sup> were not required to provide reciprocal market access in the area of goods. In the EPA, some 70% of all agricultural tariff lines were **excluded** from CARIFORUM's<sup>7</sup> market access commitments. It is expected that a similar stance will be taken by CARICOM in the upcoming FTA negotiations with Canada. Thus, there is no evidence that the interests of the CARICOM agricultural sector have been negatively affected by commitments entered into under multilateral and bilateral trade agreements.

On the other hand, trade agreements have the benefit of giving **legal certainty and predictability** to operators in the marketplace compared to the arrangements through which developed countries make unilateral grants of preference to developing countries. These arrangements sometimes operate outside of normal multilateral rules and even when they are in accordance with such rules can be altered by the preference-granting countries.

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<sup>5</sup> Free Trade Area of the Americas (FTAA)

<sup>6</sup> The countries of the Organization of Eastern Caribbean States (OECS), Belize and Haiti

<sup>7</sup> The Caribbean Forum of African, Caribbean & Pacific (ACP) States, consisting of CARICOM countries (including the Bahamas) and the Dominican Republic.

Trade agreements also offer **additional market access** and can be important tools for **attracting investment**. Agricultural sector personnel must also pay attention to the other aspects of trade agreements – those dealing with non-agricultural goods, services (transportation, commercial presence etc.), investment etc. since, as with the policy issues they reflect, can have major effects on the competitiveness of the sector.

Thus, the **trade-related threats** that arise in agricultural sector do not, for the most part, derive from formal trade agreements. There are several other factors at work not the least of which is the extent to which governments become tied in to the conditionalities imposed by international financial institutions. In addition, where there are clear differences in the interests and demands of producers and consumers, policy decisions may be taken to support the latter rather than the former.

### **The Business Environment**

In addition to trade arrangements and trade policy, the nature of the overall business environment is crucial to the success of any sector. According to World Bank, and as reported in the Landell Mills study, CARICOM countries rank somewhat low (even *vis a vis* the Dominican Republic) in terms of “ease of doing business” whether this be in terms of the cost of accessing business development services, the administrative cost and time taken to export or to clear a container at the wharf. These are all issues that affect the competitiveness of an agribusiness firm whether it imports materials for manufacture or produces a good for export. This emphasizes the need for both public and private sector stakeholders to take a more active interest in influencing the shape of the overall business environment in which the sector operates.

### **Institutional Support**

In addition to ministries of agriculture, there are a number of bodies in CARICOM member states, which provide support either exclusively to the sector, or are in some way supportive of its development. Most are of a parastatal nature but there are some that are essentially driven by the private sector. There are, in addition, some that are regional in scope. Some are dedicated to providing support in areas such as marketing, technology, financing and business logistics. The Landell Mills study examined several such bodies<sup>8</sup> and concluded that, subject to the need for strengthening in various areas, as well as the essential need for enhanced financing and overall capacity, they provide a

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<sup>8</sup> The bodies reviewed were BELTRADE (Belize), the Bahamas Agriculture and Investment Corporation (BAIC), DEXIA (Dominica), the Jamaica Exporters’ Association (JEA), the Jamaica Agricultural Industrial Corporation (JAIC), the Barbados Agricultural Development Marketing Corporation (BADMC), the New Guyana Marketing Corporation (New GMC), the National Agricultural Marketing Development Company (NAMDEVCO) (Trinidad and Tobago), WINFRESH (formerly WIBDECO) (Windward Islands), the Caribbean Agricultural Research Development Institute (CARDI), the Inter-American Institute for Cooperation in Agriculture (IICA), the Caribbean Agribusiness Association (CABA), the Trinidad and Tobago Agricultural Development Bank, and the Trinidad and Tobago Agribusiness Association (TTABA)

sufficient basis for supporting the sector's development. What has been lacking, however, is a strong regional network of agribusiness organizations and the results of efforts so far to create one have been very limited. Without such a network, the forging of beneficial linkages among business operations becomes much more difficult to achieve.

**CARDI, as the only regional institution dedicated to supporting agriculture, must be placed on a sounder financial and technical footing** if it is to adequately serve the sector's needs. In the broader area of research and development, there is a serious gap in institutional support for agro-processing. While commendable work has been done over the years by national institutions such as SRC (Jamaica), CARIRI (Trinidad & Tobago) and IAST (Guyana), it is not clear that the results of such work are generally available to the regional agribusiness sector. In other member states, the government-funded laboratories, which once supported innovation in agro-processing technologies, have either been closed or are operating at a much reduced level.

In terms of producer organizations, the two significant regional bodies are the Caribbean Agribusiness Association (CABA) and the Caribbean Farmers' Network (CaFAN). Each tends to represent a different segment of the agribusiness community with CABA tending to comprise larger integrated operations and CaFAN representing primary producers. The level of dynamism exhibited by these organizations also varies considerably. CABA, which had its origins in initiatives by IICA and was meant to be modeled after JAD<sup>9</sup> in the Dominican Republic, has experienced severe problems in terms of its capacity and cohesiveness and is in clear need of institutional strengthening. CaFAN, an umbrella body for farmers' organizations and NGOs is a newer organization, which has displayed considerable dynamism and now claims to represent 500,000 small farmers. Its latest initiative is one aimed at linking farmers to markets starting with a pilot project for the production and marketing of selected roots, tubers, fruits and vegetables within national, regional and extra-regional markets.

## **Problems to be Addressed**

The challenges faced by the agribusiness sector are many and varied, and these have been documented in various studies and reports over a considerable period. Among the most important are the following:

- Weaknesses in the level and management of key **infrastructure** such as drainage and irrigation, and farm roads
- Poor **post-harvest capability**, including a lack of refrigerated transportation, packing houses and similar facilities, leading to a high level of wastage and spoilage

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<sup>9</sup> Junta Agropremesarial Dominicana

- Limited, inconsistent and high cost of **supply of primary products for agro-processing**
- Limited **extension** capabilities together with low levels of **technology** generation, product development, together with the limited sharing and adoption of these technologies and innovations at both the primary and value added levels – many of the government-funded laboratories that once supported product development in the agro-processing sector have either closed or are operating at a very low level.
- A general deficiency in **data collection** on basic parameters, e.g. cost of production, land availability / capability, which makes it difficult to map and assess value chains
- High cost of quality **packaging materials** for both primary and processed products
- Poor levels of **certification** (HACCP, GAP etc.) of both primary and agro-processed products, thus limiting their ability to penetrate high-end local and tourist markets
- The absence in many cases of comprehensive **market information** systems, which could assist stakeholders in making informed decisions based on product availability, price and other factors
- Limited **marketing skills** and exposure to international best practices on the part of both primary producers and agro-processors
- **Limited capability to supply tourism sector** - irregular supply, low grades and standards, contracts not fulfilled and a general lack of business skills
- Serious gaps in **private sector organization** and thus the need for emphasis on institution strengthening of existing producer associations at the national and regional levels
- The limitations and high cost of regional air and sea **transportation**
- Shortages of agricultural **labour** due to competition with other sectors such as tourism and construction
- The high cost and limited availability of **finance** for the sector
- Pervasive use of non-tariff measures as **barriers to intra-regional trade**, particularly in respect of **SPS regulations**

The solutions to many of these problems rests on the ability of the sector to organize itself and develop a stronger voice in the places where decisions on resource allocation and the regulatory environment are being made. It is also incumbent on governments to proactively seek resources for the upgrading of the sector's technical and physical infrastructure and to support the development and strengthening of public-private partnerships.

## **Strategic Goal**

The strategic goal for the agribusiness sector is as follows:

In ten years, the agribusiness sector will be recognized as a vibrant and essential contributor to the Region's economies and would have substantially increased its contribution to GDP, export earnings, employment and overall quality of life.

The sector will base its growth and development on the adoption of relevant scientific and information technologies at all stages of its operation. There will have been increased equity among the various actors in the value chains, strengthened public-private sector partnerships, improved quantity and quality of products delivered to regional and external markets, including the tourist markets, at prices that are remunerative to producers and affordable to consumers.

## Differentiation of the Strategy

Given the characteristics of the sector, the strategy must be differentiated on the basis of:

- scale of production
- markets
- food security, rural livelihoods and similar objectives

It is essential that public sector interventions take into account the differences in size/scale of production and resource constraints faced by various producers. Small-scale and resource-poor producers require much more intensive support in terms of technology, finance and logistics. There will therefore have to be targeted programmes and projects aimed at effectively integrating these producers into value chains. Larger scale producers, on the other hand, are more able to access resources but the type of support required will be more along the lines of facilitating joint ventures at both the production and marketing ends.

The main markets accessed by the agribusiness sector may be defined as 1) domestic / local 2) the tourist market 3) regional 4) ethnic markets in the Caribbean diaspora and other similar markets, and 5) general external markets. Each has its own requirements and peculiarities and there are some regional products that are more appropriate to each market.

Thus, the strategy may be seen in the following objective terms:

- Identification of enterprises for competitive **import replacement**
- Identification of enterprises to increase **export earnings** and foreign exchange
- Identification of enterprises (particularly indigenous species) for **value-added** products, **tourism** market; and



- Identification of enterprises to enhance **food security and employment**

The main issues relating to the **regional market** are as follows:

- **standards for regional trade** – although the work done by CROSQ has been very significant in terms of developing regional standards, there is little evidence that these standards are being actively utilized as a basis for intra-regional trade
- a **transparent regional regime for the application of sanitary and phytosanitary measures (SPS)** – the region has taken the decision to implement the Caribbean Agricultural Health and Food Safety Agency (CAHFSA) to be headquartered in Suriname but that institution is yet to be funded and staffed.
- **Transfer of services and human capital** - the CSME provides the opportunity to improve the recruitment of labour (of various skill levels and types), and levels of cross-border investment. The agribusiness sector must therefore begin to position itself at the leading edge of CSME activities and governments must be in the forefront of encouraging such initiatives.

In order for producers to meet the cost, quality and regulatory requirement of **external markets**, they must achieve a sufficient level of organization that accords with the competitive environment of those markets. It is therefore essential that some sort of **export platform** be established that helps to integrate the efforts of individual producers. This would entail the establishment of facilities in key external markets and within the region, for the aggregation and handling of products. In addition to physical facilities, there would be the need for technical services relating to merchandising and promotion. Apart from bananas, the regional does not have a significant history of exporting fresh products to external markets.

The banana experiences has, however, provided valuable lessons in how to (and how not to) engage in the fresh product market where margins may be slim, deadlines are tight and quality requirements are very high. WINFRESH (the former WIBDECO) in the Eastern Caribbean has been diversifying into a range of non-banana fresh food products. Jamaica Producers Group Ltd, which once specialized in bananas, now focuses its export activities on tropical snack foods and fruit juices, and also provides shipping services.

## **Institutional Underpinnings**

The strategy recognizes that the development of strong institutions at the national and regional levels, aimed at improving the productivity and marketability of the region's agri-food products, is essential for the sector's transformation. It is only necessary to look at Brazil, which is now an agribusiness powerhouse, to realize that the transformation of that country's agriculture did not take place by accident but was supported by significant investments in institutions such as EMBRAPA<sup>10</sup>. For that reason,

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<sup>10</sup> The Brazilian Agricultural Research Corporation - <http://www.embrapa.br/english>

all efforts must be made on the part of the public sector to enhance both the financial and human resources available for research and development, product development and market research. In return, the institutions that are supported by the public sector must undertake to produce tangible and measurable results for the region's agribusiness operators. CARDI, as the only regional organization fully dedicated to supporting agriculture, needs to be placed on a sounder footing so that it can attract the required level of expertise, and the physical resources needed to fulfill the expectations that have been placed on it.

At the level of producer organizations, there is a clear need for greater dynamism on the part of membership if these bodies are to fulfill their advocacy and support functions. Governments must therefore commit to providing these organizations with the necessary space to function effectively, bringing them closer to the decision-making arenas and, where feasible, channeling financial resources through these bodies in return for actionable programmes, whether in the area of technical/logistical support for producers, or directly productive activities<sup>11</sup>. At the regional level, there are two organizations that currently represent large cross sections of producers, namely CABA and CaFAN. Other organizations, such as the Caribbean Poultry Association (CPA), have also maintained a high profile and exhibit a considerable level of organizational skill. It is essential that all such organizations continue to have a voice in regional forums – at technical and political levels – and that their recommendations are given full weight in these deliberations.

The international technical cooperation agencies such as IICA and FAO continue to provide valuable services to the region. Their effectiveness, however, depends on the extent to which producers and public-sector agencies are themselves organized to make the best use of the assistance provided.

## **Targeted Products**

Taking into account a variety of factors, including cost of production, landed costs certain markets, domestic prices and marketing costs, the Landell Mills team made the following recommendations on the products that should be targeted by the region for the immediate future. It is worth noting, however, that serious gaps exist in the data and information relating to production and marketing efficiencies and revisions to these lists will have to be made as circumstances change and as more information becomes available. Nevertheless, the products included in the lists all represent a reasonable basis on which to craft regional priority programmes.

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<sup>11</sup> In the latter case, the relationship developed between the Trinidad & Tobago Agribusiness Association (TTABA) and the government of Trinidad & Tobago in which financial support is provided to the association based on a specified investment programme, needs to be monitored and relevant lessons drawn.

The recommended target products are set out below on the basis of their relevance to the following:

- Food security
- Import replacement
- Export earnings, and
- Value added production / supplying tourist markets

**Products to enhance food security:**

Starches and staples	Meat based protein	Vegetables and legume grains:	Fruits
<ul style="list-style-type: none"> <li>• sweet potato,</li> </ul>	<ul style="list-style-type: none"> <li>• small ruminants (sheep and goats)</li> </ul>	<ul style="list-style-type: none"> <li>• salad vegetables</li> </ul>	<ul style="list-style-type: none"> <li>• bananas,</li> </ul>
<ul style="list-style-type: none"> <li>• cassava,</li> </ul>	<ul style="list-style-type: none"> <li>• poultry.</li> </ul>	<ul style="list-style-type: none"> <li>• bora /bodi beans<sup>12</sup>,</li> </ul>	<ul style="list-style-type: none"> <li>• Mangoes</li> </ul>
<ul style="list-style-type: none"> <li>• yams,</li> </ul>	<ul style="list-style-type: none"> <li>• Tilapia and other marine species that could be stored as dried fish e.g., bangamary and shrimp.</li> </ul>	<ul style="list-style-type: none"> <li>• cowpeas</li> </ul>	<ul style="list-style-type: none"> <li>• Pineapple</li> </ul>
<ul style="list-style-type: none"> <li>• dasheen,</li> </ul>		<ul style="list-style-type: none"> <li>• red kidney beans.</li> </ul>	
<ul style="list-style-type: none"> <li>• rice,</li> </ul>			
<ul style="list-style-type: none"> <li>• maize,</li> </ul>			
<ul style="list-style-type: none"> <li>• plantains</li> </ul>			
<ul style="list-style-type: none"> <li>• bananas</li> </ul>			

Most if not all of these items are produced within the region in some abundance and several have been part of the export trade for many years. The main food security issue, however, relates to the region’s ability to maintain stocks of these products as a hedge against disruptions in the food supply. With the partial exception of rice and some of the grain legumes, the facilities and technologies needed to store these products are not

<sup>12</sup> Known internationally as yardlong beans

available in the region. The issue of **food storage reserves** one that is being addressed as part of the Regional Food and Nutrition Security Action Plan.

**Products for competitive import replacement:**

Based on the results of the Landell Mills study, the main products championed as competitive import replacements for the region are **onions, carrots, small ruminant products, substitutes for wheat flour, rice and poultry in some countries, corn and legume grains**. In the case of onions and carrots, while production can be increased, the issue of storage and postharvest infrastructure will be significant. Small ruminants (goats and sheep) can be produced competitively but are subject to praedial larceny. In addition, there would be increasing demand for infrastructure for processing, example abattoirs. In addition, there is the issue of the need for internal distribution systems and proper marketing arrangements. Some countries, such as Trinidad and Tobago, and Jamaica are leading in this respect. Recently, in Trinidad & Tobago, there have been initiatives aimed at increasing the amount of sweet potatoes used in the fast food industry. For the other products including rice, poultry, corn and some legume grains, Guyana (rice), Trinidad, Barbados, Guyana and Jamaica (poultry) and Belize (corn, red kidney beans, and cowpeas) could supply these products. The major limiting factors will continue to be transportation to facilitate the trading of goods among these territories, competition from third country imports, and the unwillingness on the part of some elements in the Caribbean private sector to develop business relationships with each other, given the ease with which import can be obtained from third countries, particularly the US.

**Products to increase export earnings and foreign exchange:**

<i>For Third Country Markets</i>	
Fruits	Mangoes, golden apple, breadfruit, avocado, ackee <sup>13</sup> , plantains, papaya, melons
Root crops	Yams, dasheen, sweet potato
Vegetables	Pumpkin, squashes
Legume grains	Cow peas
Nuts	Dried coconuts
Marine products	yellow fin tuna, snapper, grouper, trout, shrimp, lobster, conch
<i>For Regional Markets</i>	
Fruits	mangoes, golden apple, avocado, ackee, pineapple, plantains, papaya, melon, banana, citrus

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<sup>13</sup> *Blighia sapida*

Root crops	Yams, dasheen, sweet potato
Vegetables	Pumpkin, squashes
Legume grains	Cow peas, red kidney beans
Cereal and nuts	Corn, dried coconuts
Meats	Poultry, beef

**Products (particularly indigenous species) for value-added products, tourism market and agrisector stability through increased employment**

Tourism Market	
Fruits	watermelons, pineapples, banana (ripe), papaya
Vegetables	Lettuce, cucumbers, onions, carrots
Value added products for export	
• Coconut water	
• Canned ackee	
• Snacks	banana, plantain and cassava chips, breadfruit
• Frozen sections	Dasheen, yams, sweet potato, cassava
• Fruit concentrate and pulps	

**Upgrading of Value Chains**

As indicated above, value chains are not static and can be improved, once the limiting factors are properly identified. In general, the following represent the actions needed to upgrade the value chains identified:

- Identify organisations preferably in the private sector which can act as the key value chain drivers and integrators
- Develop distinct policies regarding the development of the small-scale farmers on the one hand and for larger commercial operation on the other if the goal of increased production is to be achieved.
- New marketing arrangements are needed, in particular, overseas trading houses integrated with domestic suppliers similar to the Israeli AGREXCO<sup>14</sup> (50% government owned)
- Governments need to provide regionally organized producer organizations with financial resources

<sup>14</sup> [Carmel Agrexco](#) (or in short Agrexco), established in 1956, is Israel's largest exporter of agricultural produce, with the European Union one of its major markets. Today, the Carmel label markets 350,000 tons of fresh produce and flowers exported around the world, yielding an annual turnover of \$580 million (source Wikipedia).

- Processors also need assistance in acquiring affordable packaging materials of international standard
- Support to value added product development similar to initiatives taken by TTABA and WINFRESH
- Greater support needed in mitigating production, marketing, financial, and operational risks – droughts/floods, market failures, labour shortages
- Greater support for private sector and quasi-governmental agencies, e.g. WINFRESH
- Transportation linkages must be addressed
- Reorient donor programmes to more practical issues e.g. transportation, marketing arrangements

## **Agriculture - Tourism Linkages**

The issue of improving the linkages between agriculture and tourism has exercised the minds of regional policy makers for a considerable time. There are two aspects to be addressed. One is the need to improve the uptake of regional agri-food products by the tourism sector while the other has to do with supporting the development of farm-based or rural-based tourism. The first, which may be characterized as a trade-based issue, turns on the ability of agricultural producers to make products available to the tourist-based hotels and restaurants at a cost and quality that is acceptable these operations while ensuring there is reliability and consistency of supply. There is some evidence of successful contractual arrangements being established between farmers and hotels but these tend to be the exception rather than the rule. The more frequent complaint heard in some countries is one based on the unwillingness of one side or the other to live up to their obligations. It is essential, therefore, that innovative models be established for promoting stable business relationships between farmers and the hotel/restaurant trade. Not to be overlooked, however, is the fact that, in some cases – and especially in the current context of the global economic uncertainty that has affected tourism earnings – costs of production need to be reduced if the incentive is to be created for greater demand on the part of the tourism.

Agro-tourism *per se* is a nascent activity in CARICOM. Most are very small operations but it should also be recognized that, in terms of the net benefit to the region's economies, these operations, based as they are on the maximum incorporation of local content, produce larger multiplier effects than is the case with many of the large-scale hotel chains. There are a variety of ways in which agriculture and tourism may be brought together and these include farm tours, hotels and lodges situated in the rural areas and close to farms, eco-tourism operations that depend on locally produced food, health and wellness operations that emphasize the benefits of fresh organic or pesticide-free food, culinary festivals and events that celebrate the cuisine of particular countries or localities, and others. CARICOM countries have, for the most part, branded themselves as “sea, sun and sand” destinations for mass tourism purposes and there is

limited evidence of a push in the direction of a more diversified product. It would appear that the initiatives supporting agro-tourism must come from the agricultural sector agencies and operators themselves even while recognizing the need for cross-sectoral collaboration in that regard.

The strategy for promoting these linkages must emphasize

- 1) explicit policy statements from MOAs regarding the importance of agro-tourism, including their willingness to provide support for this sector;
- 2) the setting up of cross-sectoral coordinating mechanisms (agriculture, tourism, health, local government etc) in support of agro-tourism initiatives
- 3) the establishment of networks of all actors with the aim of facilitating exchange of information on best practices, and availability of technical and financial assistance
- 4) the development of promotional mechanisms for agro-tourism, including the insertion of the sector in mainstream tourism promotion

## **Information Platform**

The need for regional information platform for the region's agribusiness sector is one that was highlighted at the Public-Private Consultation on Agri-Business Development in the Caribbean, held in May 2009 in Guyana. Although there is a range of information on CARICOM agriculture available on the internet, it would be extremely useful to have much of it assembled, sorted and contextualized. This applies as much to official information as it does to business-oriented and academic material.

A quick review of MOA and related websites reveals a wide disparity in terms of quality and currency. It is therefore expected a new information platform will serve as a vehicle for stimulating improvements to existing websites since it could help draw attention to the strengths and deficiencies of existing information products. Where necessary or feasible, project resources could be channeled to provide some specific support at the country level. The web sites of the various regional institutions (public, private and non-governmental) also vary in quality and content.

Agricultural events around the region are also not sufficiently promoted and the portal can assist in plugging this gap. Each county has its designated agricultural dates and events but these are hardly known to those in other countries. Information on agricultural fairs, trade exhibitions and food festivals should be provided on a timely basis so as to encourage participation at various levels.

The CARICOM Secretariat, under its Agribusiness Support Programme, has taken up the challenge and created a web site called "Caribbean Agribusiness – *Caribbean Agriculture is our Business*" and which is now available at:

[www.agricarib.org](http://www.agricarib.org)

The site, which will serve as an agribusiness portal, is meant to cover a range of topics, statistics, product-specific information, country-specific information, and other resources. The use of social networking internet applications (Facebook etc.) is also seen as an important aspect of the functionality of the site. It is important to stress that this initiative, although managed by the Secretariat, has to be a collaborative effort on the part of all agri-based organizations and other stakeholders if it is to achieve its objective of linking together all the major players in the region's agribusiness sector.

It is estimated that the cost of managing and upgrading the site for the next five years will be in the order of **US\$200,000**.

There have been three other initiatives that are worth noting. One is the FAO-CARIB-AGRI-mailing list run by the FAO Barbados office, which has proven to be an invaluable resource for exchanging information on a wide variety of topics affecting Caribbean agriculture. The second is a series of radio programmes, [TopSoil](#) while the third is another series of programmes, [EatCaribbean](#) (produced [CaFAN](#) for the FAO CARICOM/CARIFORUM Food Security Project). Both radio shows are presented by Roderick St. Clair on Klassic Grenada FM. These programmes are also available as podcasts, which means that they can be accessed at any time on the internet. Such initiatives should be given full support by all agribusiness stakeholders

## **Market Information and Intelligence**

There is also a felt need to provide a forum for bringing together buyers and sellers of agricultural products. For decades, the marketing deficiencies have been recognized at the political level and in this context, the absence of a regional marketing information system has been highlighted.

At the national level, Trinidad & Tobago has led the way with the creation of its National Agricultural Market Information System ([NAMIS](#)) under its marketing agency NAMDEVCO. The Jamaican government has also launched the Jamaica Agriculture Market Information System ([JAMIS](#)), which focuses on publishing weekly price data and it is encouraging to note that technical assistance for this venture was provided by NAMIS.

The creation of a regional agricultural marketing system (MIS), which both supports and integrates national-level systems, is currently envisaged and was the subject of a major workshop held in Trinidad & Tobago in February 2011.



The Secretariat has reached out to several organizations, including CARDI, IICA, CTA, FAO and UNCTAD in an effort to carry the process forward and the next steps include developing a plan of action, which will serve as the basis for assessing funding requirements and resource mobilization. Under the All-ACP Agricultural Commodities Programme, the development of a regional marketing information system has been highlighted as a key deliverable. In addition, it is expected that, as part of the FAO-funded food security activities on the development of an early warning system, support will also be provided for aspects of the MIS.

## Implementation and Investment Requirements

The estimates that follow take into account the submissions by CARICOM member countries in respect of their **action plans for targeted products**, estimates of financial requirements for the **support institutions**.

The investment and implementation requirements are set out under the following headings:

1. Action plans per country
2. **Agribusiness Development and Marketing General Fund** (countries and supporting institutions) with four components (**US\$619 million**) comprised of:
  - a. Capacity building fund (\$133.00m)
  - b. Production finance fund (\$159.00m)
  - c. Value added fund (\$61.00m)
  - d. Market sustainability fund (\$66.00m)
  - e. Infrastructure (\$200.00m)
3. A unit or agency with a focus on coordinating the efforts of governments and the private sector in developing public-private partnerships projects to ensure sustained outputs yielding significant revenues to the various countries

Estimates provided by the countries were scaled down to fit realistic expectations of funding. The role of the fund would be to provide the necessary inputs at the level of member states and support institutions (both national and regional) for supporting the increased production of targeted products.

- a) The **Capacity Building Fund**: This fund will be used to fund the requisite personnel within the ministries and other support institutions to ensure that various technical areas are covered, particularly in extension and research where capacities are generally low and are predicted to deteriorate even more in the immediate future. The key roles of the ministries will include the following activities but not limited to:
  - a. Facilitation of the enabling environment
  - b. Provide some levels of business development support (BDS)
  - c. Facilitation of producer development and grower relationships
  - d. Development of infrastructure e.g., packing houses and storage facilities

- e. Facilitate transportation linkages
- f. Provide systems support
- g. Provide marketing intelligence and support
  
- h. In the action plans, CARDI is recognised as one of the primary agencies in the delivery of required development services. CARDI, for it to survive, must become more focused and concentrate its delivery system in a mode of strategically placed regional subject matter specialists supported by lower level technicians. In so doing, it has to play a significant role in the following areas:
  - i. Conduct research and technology transfer, especially in biotechnology
  - j. Conduct rapid propagation of germplasm
  - k. Develop germplasm banks
  - l. Provide technical assistance for primary production system
  - m. Provide support in postharvest technology, GAP certification etc.
  
- n. To effectively cover these demands, CARDI must have its core funding significantly improved. Based on its action plan, it is estimated that CARDI should be funded in the amount of US\$5 million over five years for capacity building and support and US\$10 million set up as a research and development endowment within this Capacity Building Fund. WINFA has provided an action plan and indicated willingness to provide the required support for farmers
  
- b) The **Production and Procurement Finance Fund** (farmers and supporting agencies, exporters): Given that one of the key limiting factors in the development of CARICOM's agribusiness sector is the weakness of the primary production base and the concomitant inability to satisfy market demands, the provision of significant funding for basic production enhancement is seen as essential. Even the smallest farms, once organized, can improve their output and productivity.
  - a. For this reason a funding mechanism should be developed within the country institutions and banks, which would involve the opening up of agricultural investment windows to fund primary production, development of on-farm and supporting postharvest infrastructures, and timely payment for products. The producers' key role would include:
    - b. Creating the production platform linked into the distribution and marketing networks
    - c. Identifying and securing the services and inputs they require
    - d. Managing the overall process on the farms
  
  - e. A constant complaint made by both farmers and exporters relates to the **timeliness of payments**. It is proposed that, within this fund, a system be

developed to provide bridging finance so as to ease or eliminate the cash flow problems that farmers often face after products are delivered to purchasers.

- f. It should be noted that in other regions where this works, finance is tied to a strong technical assistance programme in which the farmers must participate to gain access to this type of funding. For example farmers must have business plans with a strong marketing and risk management component complemented with a sound record keeping system. In addition, they have to be involved in training in the technical aspects of the enterprise from seed handling to delivery to the marketing agent. Additionally, all farms must go through a certification programme.
- c) The **Value-added Fund** (processors and manufacturers): The need for product transformation – particularly as a means of improving returns to producers -- has been generally recognized but the region's capacity remains low. Further, investigations have shown that the agro-processing sector lacks the funding/capital for expansion and this is revealed in the inability of some firms to acquire even the most basic pieces of equipment that would enable them to better serve local markets. The situation regarding exports is even more dire since the requirements of those markets in terms of certification continue to increase. This fund could be patterned after the that provided to similar firms (SMEs) in Asia engaged in value-added food production and marketing such as those executed in Taiwan and Hong Kong, where owners are provided with funding (grant/loan package) for defraying training technical assistance (grant portion), developing plants, purchasing inputs, packaging, market development/product promotion and trading in overseas market that provide stronger volume of sales (loan portion).
- d) The **Market Sustainability Fund** (for development of overseas trading houses, trade promotion, market support activities, packaging material): This is by far the most critical area that seems to have eluded the region's operators for some time. While it is true that the region has developed considerable experience in the marketing of traditional exports, this has generally not been the case with non-traditional exports. Governments have tried to assist by executing various trade promotion activities such as participation in trade shows and other business-to-business events but producers have often struggled to sustain these marketing efforts.
- a. Experience in the banana industry demonstrates that, where farmers are provided with regular and predictable marketing arrangements, they will respond by producing and delivering of products. The Israeli experience is one that needs to be embraced by the region. There, the integrated production and marketing operation, AGREXCO, with trading houses in

seven countries, delivers that country's products under the Carmel brand generating annually over US\$350–500 million. This entity started out in the 1950s with the government as the major shareholder but which has now almost fully divested its stake to the private sector. Such an effort is needed for the region, and it is doable, as during the consultation senior marketing experts have supported the concept and have indicated that the time is right for regional market exchanges be set up in US, UK, in the first phase, with later initiatives in Canada and Holland/EU.

- b. A feasibility study conducted for WINFRESH in 2009 shows that the basic set-up cost for such an entity in the US is just under a US\$1 million with first year operation requiring initial operating capital outlay of US\$1 million and that this could yield substantial returns and market share if it were to target the US\$4 billion/annually specialty food market in the US. In addition, the entity could serve as a multipurpose facility ordering and exporting inputs in bulk thereby reducing per unit cost to farmers as well as conducting e-commerce/online marketing of the regions specialty products. Currently there are a few cases of marketing “diaspora baskets” of specialty products on the internet. These are expensive due to the high overnight freight and the low volume marketed. However, with the operation of the delivery of these products through the brick and mortar support of the overseas trading house, such sales can be facilitated easily with lower cost and increased volume. Currently there is one exporter (in Trinidad & Tobago) who is conducting a study on the cost of setting up such operation in North America. Some of the exporters of condiments in the region have utilised online sales and have recognized the need to establish holding operations for these products in the target markets to facilitate low cost shipping. Cases of these can be attested to by Walkerswood Caribbean Foods, Suzie's Hot Sauces, Barons Hot Sauces, Kingston Miami Trading, Ocho Rios and Miami Trading, Trin-Jam Trading, Grace Kennedy, and small operators in Barbados and some OECS countries. Producers such as these could immediately benefit from a facility that not only assists them to market their final product but with the acquisition of packaging material (particularly bottles) which they currently obtain at very high cost.

- e) **The Infrastructure Fund** is required for infrastructural development (packing houses, feeder roads, chill-chain support facilities at ports, pre-inspection facilities and phytosanitary facilities support e.g., hot water dips for mangoes)

The breakdown by country and type of expenditure is provided below:

**Proposed five-year plan for agribusiness sector adjusted estimates based on action plans**

Country (in US\$ Million)	Capacity Building Fund	Production Finance Fund	Value-Added Fund	Market Sustainability Fund	Infra-structure Fund	Total
Antigua and Barbuda	\$1.00	\$3.00	\$1.00	\$1.00	\$10.00	\$16.00
Bahamas	\$1.00	\$4.00	\$1.00	\$1.00	\$10.00	\$17.00
Barbados	\$5.00	\$15.00	\$5.00	\$2.00	\$10.00	\$37.00
Belize	\$5.00	\$10.00	\$5.00	\$5.00	\$20.00	\$45.00
Dominica	\$5.00	\$6.00	\$5.00	\$3.00	\$11.00	\$19.00
Grenada	\$2.00	\$6.00	\$4.00	\$3.00	\$11.00	\$26.00
Guyana	\$10.00	\$15.00	\$5.00	\$5.00	\$20.00	\$55.00
Haiti	\$5.00	\$14.00	\$3.00	\$2.00	\$20.00	\$44.00
Jamaica	\$10.00	\$30.00	\$10.00	\$5.00	\$20.00	\$75.00
Montserrat	\$1.00	\$1.00	\$1.00	\$1.00	\$7.00	\$11.00
St. Kitts and Nevis	\$1.00	\$1.00	\$1.00	\$1.00	\$10.00	\$14.00
St. Lucia	\$6.00	\$19.00	\$6.00	\$3.00	\$11.00	\$45.00
St. Vincent and Grenadines	\$3.00	\$10.00	\$4.00	\$3.00	\$11.00	\$31.00
Suriname	\$5.00	\$10.00	\$3.00	\$2.00	\$20.00	\$40.00
Trinidad and Tobago	\$10.00	\$15.00	\$5.00	\$3.00	\$20.00	\$53.00
<b>Total</b>	<b>\$70.00</b>	<b>\$159.00</b>	<b>\$59.00</b>	<b>\$40.00</b>	<b>\$200.00</b>	<b>\$528.00</b>

Below is the breakdown of the estimates by support organization and type of expenditure:

**Proposed Five-year plan for supporting organisations based on estimates**

Supporting Organisations	Capacity building fund <sup>15</sup>	Production finance fund	Value-added fund	Market sustainability fund	Total
CARDI	\$15.00	\$0.00	\$0.00	\$0.00	\$15.00
CABA	\$5.00	\$0.00	\$0.00	\$1.00	\$6.00
CaFAN	\$3.00	\$0.00	\$0.00	\$1.00	\$4.00
CFNI	\$5.00	\$0.00	\$0.00	\$0.00	\$5.00
JEA	\$3.00	\$0.00	\$1.00	\$1.00	\$5.00
JAPA	\$3.00	\$0.00	\$1.00	\$1.00	\$5.00
BELTRAIDE	\$3.00	\$0.00	\$0.00	\$1.00	\$4.00
NAMDEVCO	\$3.00	\$0.00	\$0.00	\$1.00	\$4.00
BADMC	\$3.00	\$0.00	\$0.00	\$1.00	\$4.00
BAIC	\$2.00	\$0.00	\$0.00	\$1.00	\$3.00
ANEM	\$2.00	\$0.00	\$0.00	\$1.00	\$3.00
DEXIA	\$2.00	\$0.00	\$0.00	\$1.00	\$3.00
WINFA	\$3.00	\$0.00	\$0.00	\$1.00	\$4.00
WINFRESH	\$2.00	\$0.00	\$0.00	\$10.00	\$12.00

<sup>15</sup> Amounts in US\$ millions

<b>Supporting Organisations</b>	<b>Capacity building fund<sup>15</sup></b>	<b>Production finance fund</b>	<b>Value-added fund</b>	<b>Market sustainability fund</b>	<b>Total</b>
<b>CAFAN</b>	\$3.00	\$0.00	\$0.00	\$1.00	\$4.00
<b>NGMC</b>	\$3.00	\$0.00	\$0.00	\$1.00	\$4.00
<b>Landbouwbank, NV</b>	\$3.00	\$0.00	\$0.00	\$0.00	\$3.00
<b>IICA</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$3.00</b>	<b>\$3.00</b>
<b>Total</b>	<b>\$63.00</b>	<b>\$0.00</b>	<b>\$2.00</b>	<b>\$26.00</b>	<b>\$91.00</b>

## Implementation Arrangements

It is proposed that an agency or unit in a suitable organization be identified to coordinate the strategy and the implementation of the required arrangements. It would focus on coordinating the efforts of governments and the private sector in developing public-private partnerships projects to ensure sustained outputs yielding significant revenues to the various countries. It is important that this body is given sufficient flexibility in its operations and should act somewhat like a private sector operation. It should have close links with CARDI, IICA and MOAs, CABA, WINFRESH, WINFA, CaFAN and all other support institutions as well as individual entrepreneurs, from farmers to industrialists.

The directorate of the body (dubbed the Regional Investment Coordination Board (RICB) in the Landell Mills report) would comprise knowledgeable personnel from the region's public and private sector and should report regularly to COTED (Agriculture).

The CARICOM Secretariat, as is its mandate, will serve in a facilitating role for the entire process and maximum use will be made of the institutional arrangements established under the Jagdeo Initiative for the coordination actions at the level of the Member States.

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CARICOM Secretariat  
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